

Data#3 delivers solid profit and dividend in a difficult market

FY2013 NPAT of \$12.1 million, consistent with guidance

Fully franked dividend at the same level as last year

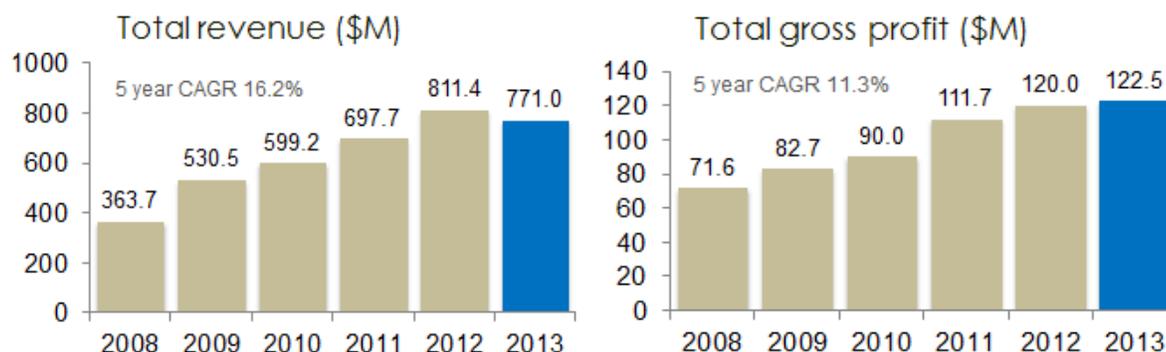
BRISBANE, Friday 23 August 2013: Australian business technology solutions leader Data#3 Limited (ASX: DTL) has announced its results for the year ended 30 June 2013 (FY13).

FY13 financial performance

- Revenue down 5.0% to \$771.0 million
- Gross profit up 2.1% to \$122.5 million
- EBITDA down 3.8% to \$18.7 million
- EBIT down 8.9% to \$16.7 million
- NPBT down 11.5% to \$17.5 million
- NPAT down 11.3% to \$12.1 million
- Earnings per share down 11.3% to 7.88 cents
- Return on equity of 35.8%
- Strong operating cash flow and balance sheet with no material debt
- Full year fully franked dividend of 7.0 cents per share, consistent with FY12.

Total revenue was down 5.0% to \$771.0 million reflecting decreased product revenues partially offset as services revenues increased by 8.1% to \$130.2 million. The reduction in product revenue by 7.2% to \$639.6 million was primarily due to changes in the way some software licensing contracts were transacted.

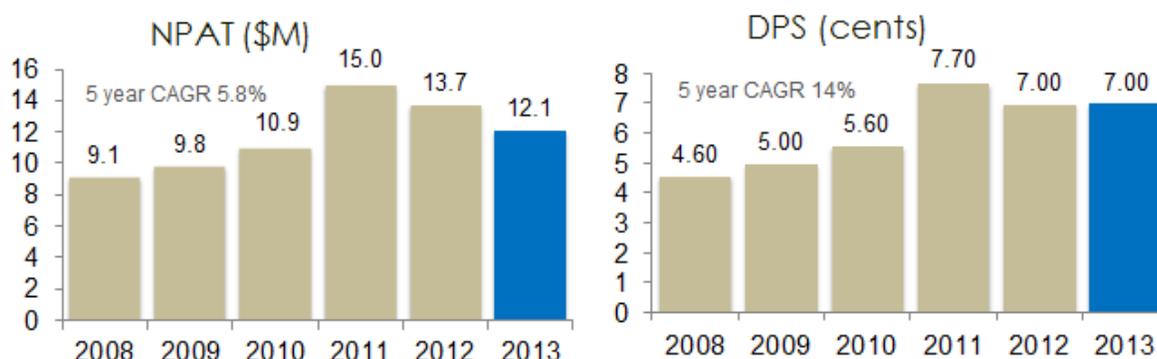
With these changes in revenue, total gross profit is a better indicator of business performance, and this increased by \$2.6 million (or 2.1%) to \$122.5 million. Total gross margin increased from 14.8% to 15.9% reflecting improved product margins.



NPBT decreased by 11.5% from \$19.7 million to \$17.5 million due to increased investment to support future growth (expanded premises, new systems and infrastructure to support ‘as a service’ offerings), and lower interest income compared to the previous year.

In line with the decreased NPBT, NPAT decreased by 11.3% from \$13.7 million to \$12.1 million. This represented basic earnings per share of 7.88 cents. Return on equity decreased to 35.8% but remained a sector-leading result.

Reflecting the company’s strong cash flows and strong balance sheet with no material debt, Data#3’s directors declared a final fully franked dividend of 3.55 cents per share, bringing the total dividend for FY13 to 7.0 cents per share fully franked, which is consistent with FY12. The final dividend will be paid on 30 September 2013, with a record date of 16 September 2013.



Data#3’s Chairman, Richard Anderson, commented that “Data#3 has delivered a solid financial result in 2013 amidst volatile economic conditions and a highly competitive and flat technology market. It demonstrates the value of Data#3’s extensive market coverage, strong client and partner relationships, and the continuing relevance of its offerings to ever-changing customer needs.”

“Data#3 has continued to enhance its financial position through diligent management of its balance sheet and strong cash flows. Consequently we have increased our payout ratio to 89% to maintain a dividend consistent with the previous year,” he said.

Operational performance

Commenting on the company’s FY13 results, Managing Director John Grant said: “Data#3 has achieved solid gross profit growth in a period of challenging industry dynamics. With the previously foreshadowed higher levels of investment in the business, net profit for the 2013 financial year was below the 2012 result. On balance, we see this as a good outcome in a particularly difficult market,” Mr Grant said.

Commenting on the outlook for Data#3, Mr Grant said “We see little change in the underlying market fundamentals in 2014 as our customers continue to balance the tension between the strategic choices

presented by disruptive technologies like cloud, big data and mobility, and their need to maintain the integrity and security of their enterprise systems, against a tight fiscal environment.

“We have responded to this by restructuring and simplifying our business and this, together with our capacity-building investments, a competitive range of business technology solutions from product to cloud, and strong customer and partner relationships position Data#3 well as business conditions improve beyond FY14. For FY14, our overall financial objective is to at least match FY13’s result.”

	FY13 \$'000	FY12 \$'000	% Change
Revenue by segment:			
Product	639,644	689,060	-7.2%
Services	130,182	120,427	+8.1%
Other revenue	1,216	1,903	
Total revenue	771,042	811,390	-5.0%
Revenue by area of specialisation:			
Software Licensing	428,093	483,427	-11.4%
Infrastructure Solutions (project services, hardware product & managed services)	305,987	284,678	+7.5%
People Solutions	35,746	41,420	-13.7%
Total gross profit	122,525	119,957	+2.1%
Total gross margin %	15.9%	14.8%	
Total expenses	106,269	102,122	+4.1%
EBITDA	18,700	19,430	-3.8%
EBIT	16,664	18,302	-8.9%
EBIT margin %	2.2%	2.3%	
NPBT	17,472	19,738	-11.5%
NPAT	12,138	13,679	-11.3%
	FY13	FY12	% Change
Earnings per share	7.88 cents	8.88 cents	-11.3%
Dividend per share	7.00 cents	7.00 cents	0%
Dividend payout ratio	89%	79%	
Return on equity %	35.8%	42.1%	

ENDS

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About Data#3

Data#3 Limited (ASX: DTL) is one of Australia's leading business technology solutions companies servicing customers across a wide range of industries throughout Australia and the Asia Pacific.

The company was established in 1984 and listed on the ASX in 1997.

Working with its customers' business and technology teams, Data#3 addresses the **Hybrid IT** environment from **on-premise to outsourced to cloud**, through its consulting, software, infrastructure and managed solutions. These solutions leverage market-leading technologies from global vendors and Data#3's knowledge, expertise and experience to accelerate the achievement of customer business objectives:

- Consulting: for strategic and transformational services that enhance returns from business technology solutions
- Software Solutions: for software licensing; software customisation, deployment and management; asset management; and business productivity
- Infrastructure Solutions: for hardware lifecycle management; maintenance; and datacentre, network and desktop infrastructure
- Managed Solutions: for staffing; outsourcing; essential support; 'as a service'; and cloud brokerage and integration.

Data#3 reported revenues of \$771 million in the 2013 financial year. The company is headquartered in Brisbane with offices across Australia, and has approximately 1,000 permanent and contracted employees.

More information about Data#3 and its solution offerings is available at <http://www.data3.com.au>